

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 AID-20 NSC-10 RSC-01 CIEP-02

SAL-01 SS-14 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-09 NSAE-00 TRSE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-02 DODE-00 PA-03 USIA-12 PRS-01 FS-01

ABF-01 RSR-01 /157 W

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R 141432 Z MAR 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 3866

CINCUSAREUR

CINCUSAFE

C O N F I D E N T I A L BONN 3771

PASS TREASURY AND DEFENSE

E. O. 11652: GDS

TAGS: ETRN, EFIN, GW

SUBJ: RHEIM/ MAIN PROBLEM/ OFFSET

REF: (A) BONN 2755; (B) STATE 192834

1. SUMMARY: AT THE LATEST MEETING WITH FRG FINANCE MINISTRY ON RHEIM/ MAIN PROBLEM, FRG SOUGHT TO INVOLVE U. S. IN DETAILED REVIEW OF PROPOSED PAYMENT INCREASES TO THE FRANKFURT AIRPORT COMPANY (FAG). WE REITERATED U. S. POSITION AS GIVEN IN REFTEL B, AND THE FRG UNDERTOOK TO ENGAGE IN FURTHER DISCUSSIONS WITH THE FAG WITHOUT U. S. COMMENT ON PAYMENT INCREASES. WE BELIEVE THAT FRG NOW ENVISAGES THE POSSIBILITY OF A SOLUTION IN THE OFFSET CONTEXT. ACTION REQUESTED: DEPT' S VIEWS AS TO HOW WE MIGHT PROCEED WITH THE FRG IF IT SUCCEEDS IN REACHING AGREEMENT WITH THE FAG ON PAYMENT INCREASE LEVELS.

2. MINISTER WOOTTON MET MARCH 9 WITH ASSISTANT SECRETARY
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FINANCE SODDEMANN IN A THREE- HOUSE MEETING AT WHICH THE GERMANS ONCE AGAIN OUTLINED RHEIM/ MAIN PROBLEM FROM THEIR VIEWPOINT, STRESSING THE FRG' S CONCERN THAT THE FAG COULD RESORT TO COURT ACTION AGAINST THE FRG IN SUPPORT OF ITS REQUEST FOR INCREASED RENT AND LANDING FEE PAYMENTS. SODDEMANN REFERRED TO THE LEGAL OBLIGATIONS OF THE US AND FRG TO REVIEW THE 1959 AIRPORT AGREEMENT AND SAID THAT THE FRG BELIEVED THAT THE FAG' S REQUEST FOR PAYMENT INCREASES WAS JUSTIFIED IN PRINCIPLE BUT THAT THE AMOUNTS PROPOSED WOULD HAVE TO BE NEGOTIATED DOWNWARDS. WHILE EXPRESSING FRG UNDERSTANDING OF THE POLITICAL AND ECONOMIC ELEMENTS IN OUR PREVIOUS PRESENTATIONS, HE THOUGHT THAT A JOINT US/ FRG REVIEW IN DETAIL OF THE FAG' S PROPOSALS WOULD BE REQUIRED TO INFORM THE POLITICAL DECISION MAKERS OF THE PROBLEM' S SCOPE. SODDEMANN STRESSED THAT WE WOULD ALSO REQUIRE KNOWLEDGE OF THE PROBLEM' S PARAMETERS IF RHEIM/ MAIN CHARGES WERE INCLUDED IN THE UPCOMING OFFSET AGREEMENT, AS THE US HAS PROPOSED.

3. US REP CAREFULLY REMAINED WITHIN THE BOUNDS OF REF B AND COUNTERED SODDEMANN' S PROPOSAL FOR A JOINT DISCUSSION OF FAG INCREASES WITH THE SUGGESTION THAT GERMAN OFFICIALS MIGHT FIRST CLARIFY THE SITUATION WITH THE FAG. THEREAFTER, THE EMBASSY AND THE MINISTRY COULD RESUME DISCUSSION BASED ON THE FRG' S EVALUATION OF THE MERIT AND SCOPE OF FAG' S CLAIMS. RETURNING TO OUR OFFSET PROPOSAL, THE US REP HOPED THAT THE FRG COULD REACH SOME SORT OF AN INTERIM ARRANGEMENT TO SATISFY THE FAG UNTIL THE PROBLEM WAS RESOLVED WITHIN THE BROADER OFFSET CONTEXT.

4. SODDEMANN SAID THAT HE THOUGHT THAT STALLING THE FAG UNTIL THE COMPLEX OFFSET PROCEDURE WAS COMPLETED WOULD NOT BE EASY. HOWEVER, HE RECOGNIZED THAT THE US SIDE COULD NOT PARTICIPATE IN AN EXAMINATION OF FAG' S CLAIM AT THIS POINT AND, THEREFORE, SAID FRG OFFICIALS WOULD MEET WITH THE FAG AGAIN IN THREE WEEKS. THE GERMAN SIDE WOULD THEN WANT TO DISCUSS THE SITUATION WITH THE EMBASSY AGAIN BEFORE SCHEDULING ANOTHER MEETING WITH THE FAG. HE ASSURED US THAT THE FRG AT ITS NEXT MEETING WITH THE FAG WOULD (A) DOE ALL IT COULD TO GAIN TIME; (B) NOT COMMIT THE US TO ANY INCREASE IN PAYMENTS.

5. EMBASSY COMMENT: ALTHOUGH SODDEMANN MADE A PREDICTABLE
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EFFORT THROUGH LEGAL ARGUMENTS TO ISOLATE THE RHEIM/ MAIN

PROBLEM FROM THE BROADER POLITICAL- ECONOMIC CONSIDERATIONS
WE RAISED, THE THRUST OF THE MEETING CLEARLY INDICATED THAT
THE FRG COULD ENVISAGE RESOLVING THE ISSUE WITHIN OFFSET.

ACTION REQUESTED: WE WOULD APPRECIATE THE DEPT' S
VIEWS ON HOW WE MIGHT PROCEED WITH THE FRG AFTER IT HAS
MET WITH THE FAG. WE PRESUME THE FRG WILL ATTEMPT TO
NEGOTIATE A LEVEL OF PAYMENT INCREASES IT FINDS ACCEPTABLE
AND THEN SEEK OUR CONCURRENCE. WE THINK WE CAN HOLD THE
PRESENT LINE AGAINST ANY PAYMENT INCREASES BY THE US PROVIDED
FRG OBTAINS CREDIT UNDER THE NEXT OFFSET AGREEMENT. WE NEED TO
KNOW, HOWEVER, THE EXTENT AND PROCEDURAL MODALITIES OF A
US REVIEW OF FRG/ FAG AGREED INCREASES THAT WASHINGTON
AGENCIES MAY WISH. WE WILL CONTINUE TO PRESS FOR THE FRG
TO PICK UP THE TAB FOR THE TOTAL RPT TOTAL OUTLAYS,
IF OFFSET CREDIT IS TO BE ACCORDED, THROUGH THE
NEXT NEGOTIATING SESSION, AT LEAST. WE MAY NEED SOME
NEGOTIATING ROOM ON THIS POINT LATER.
HILLENBRAND

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*** Current Classification *** CONFIDENTIAL

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